



**MARKET  
DEVELOPMENT  
IN THE NIGER DELTA**

**DFID** Department for  
International  
Development

Funding for this programme  
is provided by the United Kingdom's  
Department for International  
Development (DFID)



■ **Monograph Series Vol. 17**

# EDO STATE ECONOMIC OUTLOOK AND INVESTMENT SCAN REPORT



**CONTACT:**  
13B ONTARIO CRESCENT  
MAITAMA, ABUJA  
Tel: +234 818 800 5248  
DAISERVICES@DAI.COM



**MARKET  
DEVELOPMENT  
IN THE NIGER DELTA**



# EDO STATE ECONOMIC OUTLOOK AND INVESTMENT SCAN REPORT

May 2018

## Disclaimer

The MADE monograph and learning series is planned to help provide information and knowledge for dissemination.

We believe the information will contribute to sector dialogues and conversations around development in Nigeria.

The content in the series was prepared as an account of work sponsored by the Market Development in the Niger Delta (MADE). The documents in this series is the final submission made by the engaged service provider/consultant.

The series does not represent the views of MADE, the UKaid, The Department for International Development (DFiD) Development Alternatives Incorporated (DAI), nor any of their employees. MADE, DFID, UKaid and DAI do not assume any legal liability or responsibility for the accuracy, completeness, or any third party's use of any information, or process disclosed, or representation that infringes on privately owned rights.

Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favouring by MADE, DFID, UKaid and/or DAI.



**TABLE OF CONTENT**

1	Executive Summary	1
2.	Relevant Background	5
2.1	Context	5
2.2	Population Issues	8
2.3	Analysis of the Focus Sector	15
2.3.1	Agrobusiness	15
2.3.2.	ICT	17
2.3.3.	Fashion	19
2.3.4.	Retail/Wholesale Trade	21
2.3.5.	Industry/Manufacturing	21
2.3.6.	Tourism	24
2.3.7.	Renewable Energy	24
2.3.8.	Entertainment Sector	26
3.	Overview of the Situation	28
3.1	Socio–Economic Situation	28
3.2	Political Economy	29
3.3	Livelihood Options	
4.	Conclusion	31
	References	34



**LIST OF TABLES**

Table 1: Edo State Budget 2018	6
Table 2: Actual Output of Crop Production in Edo State for 2014, 2015 and 2016 in Metric Tonnes	17
Table 3: Roles and Responsibilities	32



**LIST OF FIGURES**

Figure 1:	Estimated resident population of Edo State	8
Figure 2:	Most Pressing Problems in Edo State	9
Figure 3:	Edo State GDP by Sectors: 2010 – 2013	10
Figure 4:	Major Obstacles to Industries	11
Figure 5:	Edo State Share of Informal Workers by Category	12
Figure: 6	Wood Furniture Finished Goods Value Chain	22
Figure 7:	Value Chain in Wood Furniture Industry	23
Figure 8:	Process Outline for Detailed Intervention Plan	31



---

**ACRONYMS**

BRACED	-	Bayelsa, Rivers, Akwa Ibom, Cross River, Edo and Delta
DFID	-	Department of International Development
EU	-	European Union
GDP	-	Gross Domestic Product
ICT	-	Information and Communication Technology
M4P	-	Making Markets Work for the Poor
MADE	-	Market Development for Niger Delta
MDA	-	Ministries department Agencies
NBS	-	National Bureau of Statistics
NDA	-	Niger Delta Region
NGO	-	Non-Governmental Organisations
ToR	-	Terms of Reference



## 1. EXECUTIVE SUMMARY

This report has been prepared to provide a snapshot of the Edo State economy as it is now, and to highlight key areas of focus. In addition, it provides an insight into what may be exciting and potential opportunities for the future, investment possibilities and provides an aspect of the context for MADE II intervention programme.

MADEII, is a DFID funded program which aims to raise the income of at least 155,000 poor-people in the Niger Delta Region, 50% of whom will be women, using the Making Markets Work for the Poor (M4P) approach to design systemic and sustainable intervention for poor people. It seeks to identify and address livelihood and economic factors contributing to human trafficking, forced labour and modern-day slavery in Edo State. The target is to increase incomes or provide livelihood alternatives to about 30,000 people at risk, within the geographic area and a demographic group being considered for MADE II. The programme will focus on sectors with comparative advantage to support investment and growth in areas that are perceived as 'aspirational' and attractive to potential victims of trafficking and will reduce drivers for emigration.

The objective of this report is to frame an economic and investment strategy, which takes a holistic view of what is needed to ensure a sustained, all-inclusive economic growth and development in Edo State within the lifespan of the MADE II project. Further, it identified economic sectors with the potential to enhance the State's economic capacity to deliver prosperity for its people by making it an attractive place for local, national and international investors to do business.

The Edo State economy is currently at a crossroads, and has been for the past decades. The State has witnessed almost two decades of economic stagnation even at the time when Nigeria was growing at the rate of 7.5% a year. This growth did not see enough jobs created, with the economy failing to translate growth in output into lower unemployment. In fact, as growth accelerated, there was ample evidence to suggest that unemployment had increased. Edo State joined most of the other states of the federation in relying on oil extraction to drive its growth and revenue even though it is not in the top league of oil producing states in the Niger Delta region. Outside of oil and gas, tradable sectors have also not been developed, leading to weak structural transformation and limited employment opportunities. The state's economy has been largely consumption based because of oil wealth but this has not increased productivity or urban/ rural employment, or reduced poverty as should be the case.





A brief background of Edo State shows that for the past two decades, the performance of the State's economy has been mixed. Real GDP has slowed to 2.5% in 2017 from 5.49% in 2013, largely due to the downturn in the country's oil production. While the economy seems diverse, with services accounting for 52% and oil only 10% of GDP in 2015, the oil sector remains a critical source for fiscal revenue derived from the centre (say, 78.2%). Any growth witnessed has been driven by the non-oil sector and private consumption, but the State still lags behind most of its peers in critical infrastructure, has a rate of poverty at 45%, high income inequality and faces development challenges. All these strain efforts to address social and economic disparities that have served as triggers for human trafficking.

In the past couple of years, the current State administration has faced challenging macroeconomic and budgetary situation. Revenue from the centre had decreased, and the state government was compelled to cut expenditure in the light of revenue shortfalls. However, macroeconomic data on growth, poverty and living standards in the last couple of years show that the State appears to be experiencing moderate growth averaging 2.5% annually and concentrated in the pro-poor areas of agriculture and trade, yet the State's per capita poverty rate has remained very high at 65% of the population with little evidence of poverty reduction. Poverty is much lower in urban areas (15.2%) than in rural areas (45%) and the urban poverty dynamics is much stronger at 30%.

This review examines new data that will help clarify the murky picture of economic development in Edo State and help identify areas of competitive advantage that has the potential for increased productivity by stimulating economic activities and creating jobs. Services and retail activities supply the most growth, with agriculture playing a supporting role, while oil and non-oil industrial activities declined. Factories are in decline because of foreign exchange shortages and infrastructure decay. Most inward direct investment end up in the telecommunication, oil and gas and banking sectors. There is the urgent need to open other sectors that have huge potential to attract and retain large investments. Edo State sectorial weaknesses or the missing middle include:

- I. Mining (weak in extracting abundant mineral resources) and must import minerals;
- II. Manufacturing (weak in processing agricultural, mineral and crude oil resources). Thus, the State imports processed food, raw materials and intermediate goods.

If the overall goal of this exercise is to enhance the economic capacity of the State by identifying areas of potential opportunities for investments, it is prudent to also highlight sectors where



there are comparative advantages, in the first instance, with the intention to create<sup>1</sup> an integrated economic approach involving strong partnerships with the organised private sector and business community. This will result in the development of a vibrant, all-inclusive Edo State economy, capable of providing livelihood at every level for its citizens (underpinned by the idea of wealth creation).

The sectors explored in this report are, but not limited to; **Agribusiness, Entertainment, Fashion, ICT, Renewable Energy and Wholesale/Retail Trade**. However, Edo State has huge comparative advantage in the manufacturing of modern furniture because of the existence of large stock of timber; this could also help the creative arts industry such as carving for tourism. The production and processing of rubber across its value chain can be explored also; Amethyst and limestone are available in large quantities for cement industries; there is also huge potential for real estate development across its value chain due to huge deficit in housing especially in the urban areas. The State's rich cultural heritage, if properly harnessed will help boost tourism particularly because of its unique location as a transit state to other regions in the country.

The growth sectors identified, if well-articulated can make significant contribution to the economic activities and employment in Edo State. There are yet other industries that present significant growth and development opportunities, and can help diversify the State's economy, thus, creating jobs to help mitigate the rampant incidence of human trafficking. These sectors tend to be smaller than the main growth sector industries mentioned and are at different stages of development in terms of organisation.

---

<sup>1</sup> This document was prepared and submitted to MADE II by: Dr. Okiti and Chuks Ofolue



## 2. RELEVANT BACKGROUND

### 2.1 CONTEXT

In the past two decades, and in the oil boom period, the Edo State economy remained steady but highly underdeveloped. More than a decade of strong growth nationally has had a net-reducing effect on poverty, but high inequality and resource dependence has further dampened the poverty reducing effect of income growth in the State. However, unlike the economy of some of the neighbouring States (such as Lagos, Ondo, and Ogun States), that witnessed consistent but marginal increase between 2010–2014, in Edo State, growth was at best static. By the third quarter of 2014, most of the State’s developmental programs had stopped and the capital/recurrent expenditure had declined considerably. This happened because resources were no longer available to finance most of the projects which were meant to help stimulate economic activities in the State in the absence of an active private sector investment push.

Even though the oil sector remains a critical source of fiscal revenue (78.2%), the seeming diverse economy of Edo state has been driven by the non-oil sector and private consumption. However the state lacks critical infrastructure and experiences a 45% rate of poverty, high income inequality and faces development challenges. All these contribute to trigger human trafficking.

Edo State faced challenging macroeconomic and budgetary situation in the past couple of years. Macroeconomic trends were less favourable than expected and the State government was compelled to cut expenditure in the light of revenue shortfall. The government’s resolve to maintain prudent macroeconomic policy was an important factor in the stabilisation process. The State’s economic team projects a generally optimistic medium/long term macroeconomic outlook with the pace of growth accelerating and a likely continuation of the current positive trend. A quick look at relevant aspect of the 2018 budget confirms the current government approach to its growth projections, although the budget is a deficit-financing budget.

**Table 1: Edo State Budget 2018**

Item	Amount (Billion Naira)	Percentage
Budget Size	150.09	100%
Capital Expenditure	82.51	54.99%
Recurrent Expenditure	67.56	45.01%
Economic Sector*	51.64	62.56% (of capital expenditure)
IGR	31.73	25.69% of revenue
Capital Development Fund (CDF)	2.00	1.62%

Deficit Financing a. Internal	1.50	
Deficit Financing b. External	25.06	
Aids and Grants a. Foreign	3.46	
Aids and Grants b. Local	2.26	

Source: Edo State approved budget 2018

\*Note that the Economic Sector includes Agriculture, Manufacturing, Investment, Tourism, etc.

In the short term, there seems to be a considerable level of uncertainty and adjustment process in all sectors which is unlikely to bring about short-term gains. Nevertheless, two important potentially destabilising macroeconomic risks remain: a return to the negative shock in oil prices or oil output and volatility in short-term capital flow.

Macroeconomic data on growth, poverty and living standard during the last decade have been puzzling. On the one hand, the State appears to be experiencing moderate economic growth averaging 2.5% annually which was particularly concentrated in the pro-poor areas of agriculture and trade, on the other hand, the State per capita poverty rate remained very high at 65% of the population with little evidence of poverty reduction. In 2017/2018 however, the economy seems to be gathering speed; this outlook suggests that growth will be around 2.1% in 2019. There is ample evidence to suggest that as growth has accelerated, unemployment has increased. This weak growth of job opportunities has several interrelated sources:

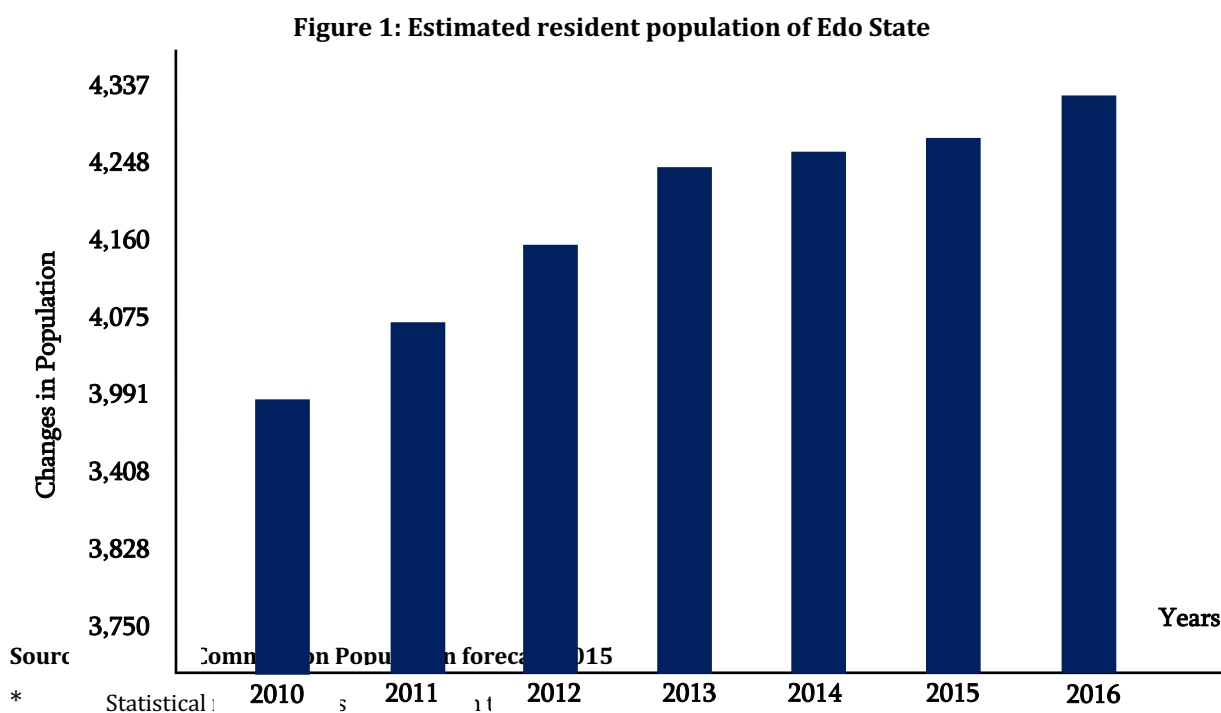
- Poor business environment- Edo State private sector businesses face unreliable electricity provision, poor transportation and congestion due to insufficient road maintenance, high interest rates, precarious availability of finance, and red tape bureaucracy. These barriers affect business development across all sectors with particularly pernicious effects on manufacturing firms and real estate.
- Market fragmentation – Limited connectivity between Edo state and other major cities, with attendant negative implication for production costs in the tradable sector. This also prevents businesses from expanding beyond the local market, diminishing potential for business clustering and reducing agglomeration and localisation effects.
- Informal firms are struggling to enhance productivity- They are less likely to grow than those elsewhere; they are also less likely to take advantage of urban economies of scale and specialisation. Uncertain property rights and limited access to land, and the formal legal system weaken incentives to invest in physical and human capital leading to lower productivity and slower growth.
- The sectorial distribution of jobs- Fast growing sectors are capital intensive and use little labour, while labour intensive industries have low productivity and low growth.

## 2.2 POPULATION ISSUES

### Population trends and Edo State Economy

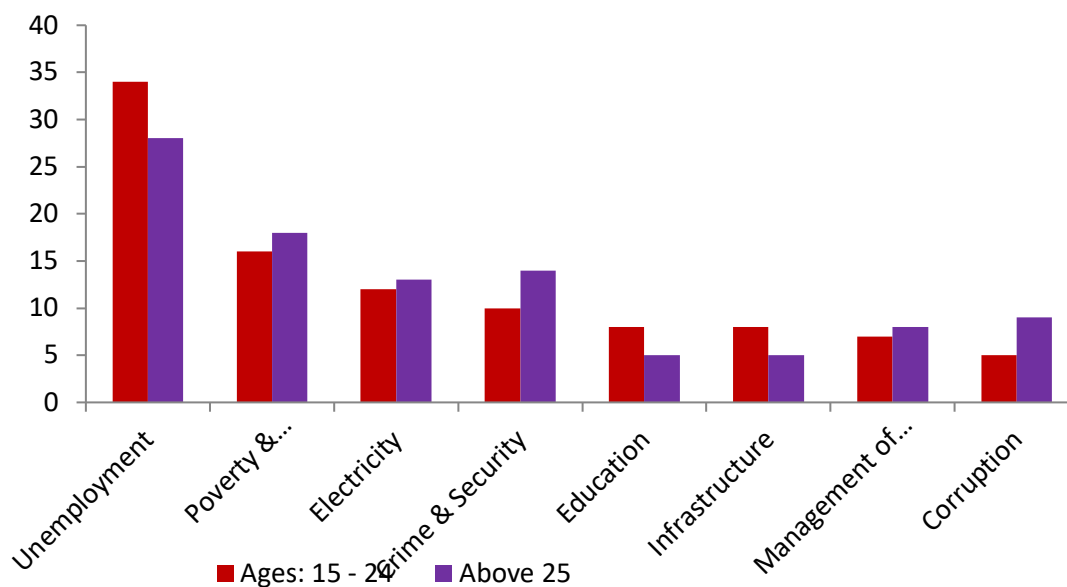
The estimated resident population (ERP) for Edo State was 4.5million in 2015, a rise from 3,580,000 in 2006 since the last official census (NBS report 2016). The population growth in Edo State since 2006 has averaged 2.1%. However, growth has continued considerably since 2006, averaging 1.35% over the same period. The trend is in line with the national growth rate over the same period, with the State experiencing above average population growth since 2006. This has implications for population serving industries that are reliant on growing population to sustain their activities. Sectors such as housing, construction, retail trade, education and training and health care, etc.

The increasing population growth rate could have implications for the State's economy, possibly impacting on many growth areas and creating job opportunities in the value added employment.



**Figure 2: Most Pressing Problems in Edo State**

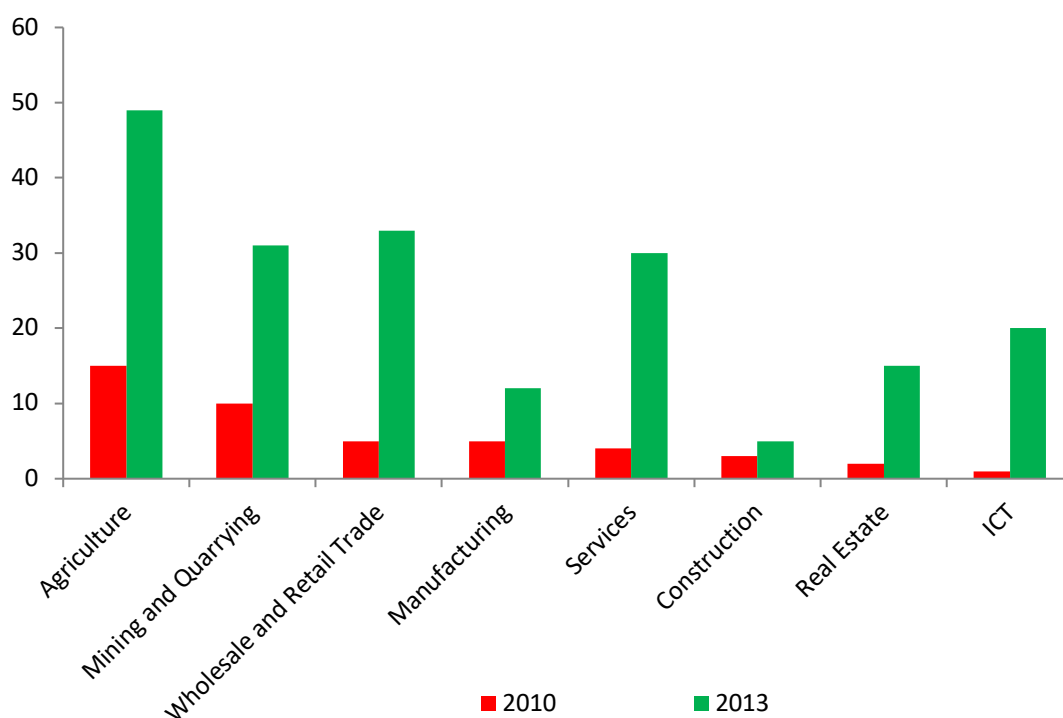




Source: National Bureau of Statistics and compilation by City Economics 2016

The past decade has seen encouraging economic diversification but expanding sectors have not created enough jobs; and the job creating sectors have lacked number of new job seeking individuals. All sectors have grown in real terms since 2010 and many have emerged from negligible levels namely ICT, real estate, construction and services but all in predominately urban sectors (see Fig 3 below).

Figure 3: Sectoral growth between 2010 and 2013 (Edo State GDP by Sector, 2010–2013)

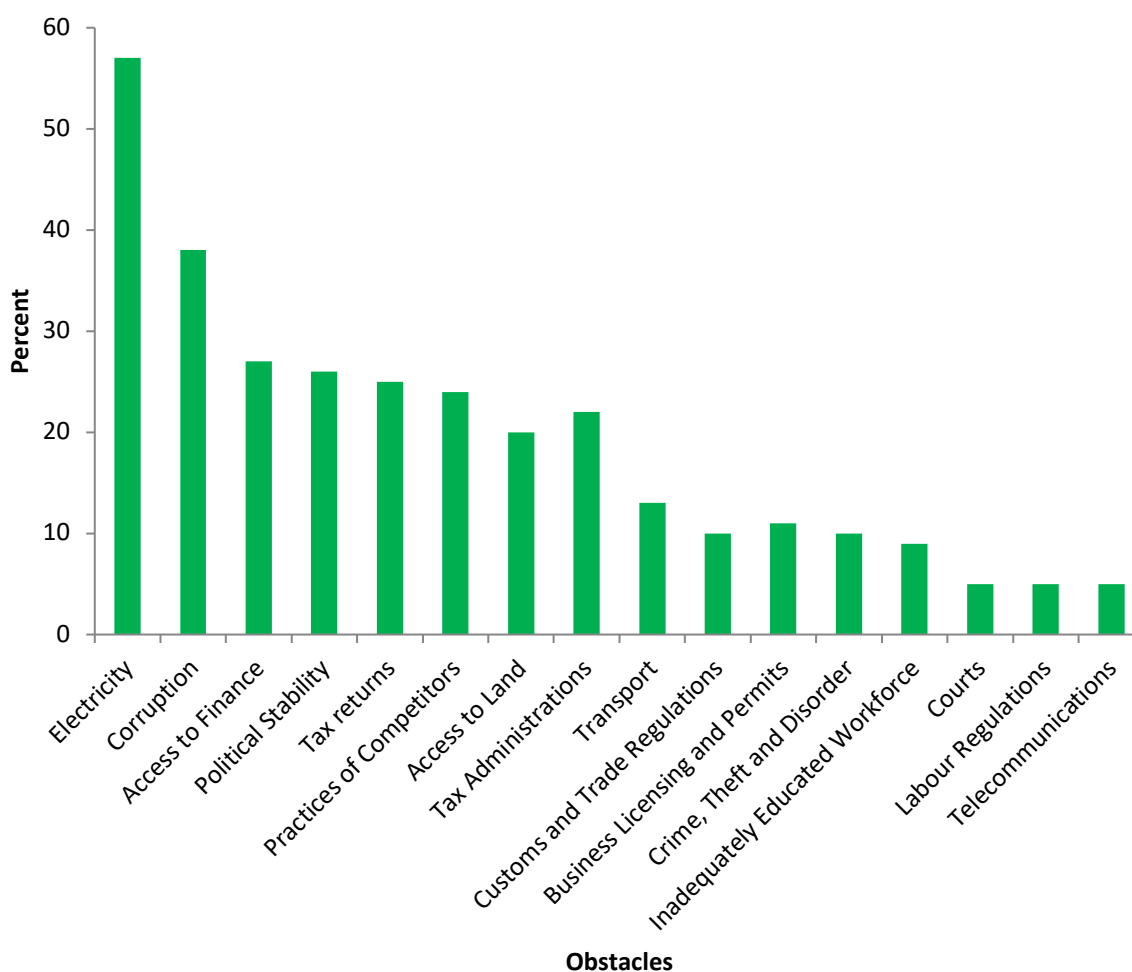


Source: National Bureau of Statistics and compilation by City Economics 2016



Outside this urban, high productivity, low employment sectors, Edo State economy has felt little structural transformation. For instance, almost half the labour force is still employed in small-scale agricultural production and subsistence farming. As employment in agriculture has remained high, the movement or agglomeration of urban into manufacturing has been minimal, stunting the creation of scale economies. Manufacturing at best has been stagnated for years; from over 10% of the State's GDP in the year prior to 2010 to only 2.5% in 2015.

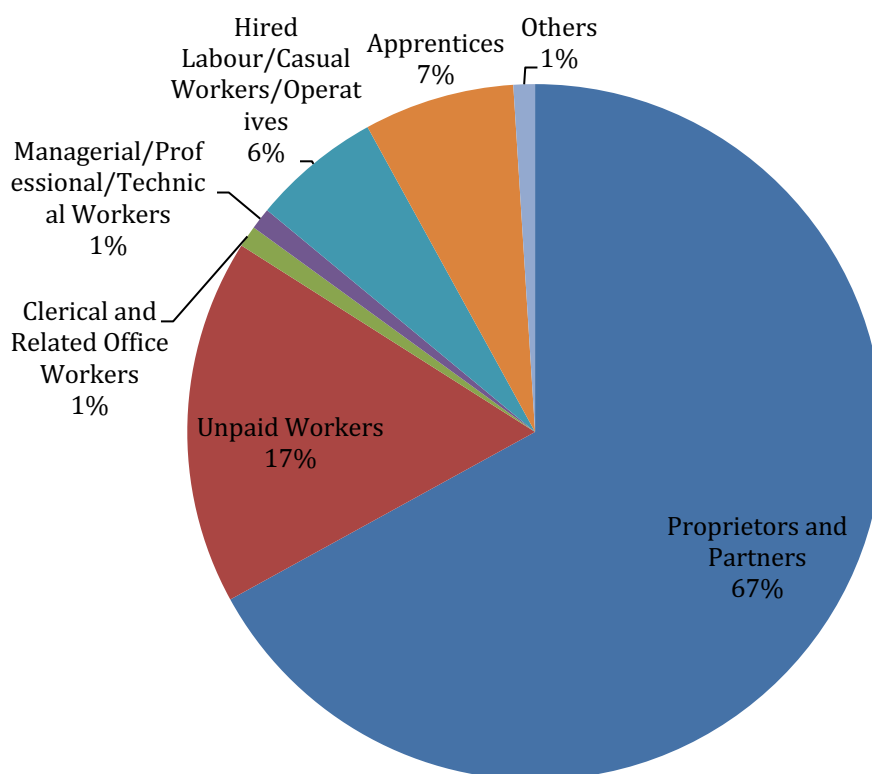
**Figure 4: Major Obstacles to Industries**



Source: World Bank Enterprise Survey 2016 and compilation by City Economics 2016

Most of Edo State citizens work in the informal sector, largely in rural agriculture and urban services. Informal workers make up 53% of the active labour force and are grouped into seven categories. The majority, 62% are proprietors and partners, but a staggering 17% are unpaid workers (Figure 4).

**Figure 5: Edo State Share of Informal Workers by Category**



**Source: National Bureau of Statistics 2011 and compilation by City Economics 2016**

The problem here is not the informal nature of the urban enterprises but rather the regulatory and institutional conditions that prevent them from boosting investment and linking to other formal and informal enterprises. The relationship between the Edo State government and the informal sector is complex. On the one hand, policy makers and State authorities have sought to “formalise” the informal economy, treating it as a social problem; on the other hand, they have engaged with the organised businesses operating formally. So far, the government’s efforts to make informal sector formal via fines and closures have been largely counterproductive, ultimately creating greater barriers to their growth rather than incentive for formality. The government has been far more effective when it engages with the formal sector, particularly through local business associations.

An important aspect of this report is to examine market fragmentation in the tradable sectors and how to take advantage of the unique location of the State to expand their trading linkages and create new markets across the border. An analysis of location quotients reveals emerging agglomerations and specialisation across neighbouring States and regions. Growth in many of Edo State’s fast-growing sectors has been concentrated in other cities, particularly in the South West.



These highly productive sectors have considerable spill over on local economies. The inability to capture the potential of cities such as Onitsha, Aba, and Port Harcourt, etc, to foster economic density is in great part due to the thick borders between cities, preventing businesses from expanding beyond local markets. The economic distance between Edo State and the cities sometimes disconnects businesses and traders from regional “home–market effects” and has dramatically been reducing internal and external economies of scale and scope.

Six growth sectors have been identified for the purposes of this intervention. The purpose is to make significant contribution to the economic activities and employment, particularly of the youth that are most vulnerable in Edo State.

There are however other sectors that will present significant growth opportunities that will help to diversify the economy and create jobs across the State. These sectors tend to be smaller than the main growth sector industries, and are at different stages of development in terms of organisation. Targeted support will be needed to help these sectors grow in a sustainable way in the cities and remote areas otherwise growth will not occur. These sectors include:

#### **AGRICULTURE**

Agriculture should be the pivotal industry in Edo State. The State needs to work out modalities for expansion in the cultivation and production of crops that are native to the State all through their value chain, taking into consideration the comparative advantage of each location. This should be part of the long-term strategy to revive agriculture and make it the mainstay of the economy of the State so as not to depend solely on the FG.

#### **ICT**

Technological advancement tends to impact faster rate of economic development. It will help to adequately design, implement, monitor and evaluate its policies and performances. Moreso, because ICT affects government and business processes. It also affects how individuals live, work and interact and the quality of the natural and built environment. Attempts to ensure sustainable economic development and poverty reduction in Edo State, in sectors such as the Civil Service, agriculture, mining and the service sectors should involve the use of ICT.

#### **FASHION**

As the Edo State economy continues to grow and evolve, one of the many bright spots of the State’s creative economy is the fashion industry. With a growing number of valuable jobs that will pay reasonable wages, fashion will have a big impact on the economy of Edo State. Fashion is a structurally diverse industry with value chain players ranging from wholesalers to retailers, designer houses stylists, and make up artistes. It employs people across occupations including fashion designers, market researchers, brand managers, products manufacturing, marketing and final distribution.

#### **RENEWABLE ENERGY**

Edo State is endowed with abundant energy resources both conventional and renewable which can potentially provide sufficient capacity to meet the ambitions of both urban and rural citizens of Edo State. The State has one of the lowest electricity per capita with the demand superseding what they can be able to generate. This deficit provides an opportunity for investment in renewable energy resources. This will help to enhance the State’s energy and economic prospects for potential global investors.

**ENTERTAINMENT**

The entertainment industry is one of the major growing industries in Nigeria with significant value chain including film, music, video production, costumes industry, theatre productions, etc. It is a very robust market place with steady, reliable growth across real sectors and relatively fewer trade barriers. It is an easy market place for Nigerian exporters to navigate, and content travels easily. Entertainment content such as video, audio and media transmission over the internet are in high demand. It is expected to grow at 3.4% from 2017 to 2019.

**WHOLESALE AND RETAIL TRADE**

Wholesale and Retail Trade has consistently been Edo State's major employment sectors and one of the major sectors for output; a trend that is mirrored internationally where the sector accounts for about 10.5% of the workforce and 4.8% of national output. Majority of workers in this sector are employed by small scale organizations and are under the ages of 45. These trends are forecast to continue and will stimulate future demands for skills and qualifications which has traditionally been weak.

Other sectors where Edo State has comparative advantage are in the Timber Production and manufacturing of modern furniture, Real Estate/Housing Development and Tourism.

**INDUSTRY/MANUFACTURING**

Manufacturing has the potential to be the leader in terms of private sector investment and improvement in productivity through more capital-intensive techniques; but the Timber Production and Manufacturing of Modern Furniture promises a lot for the active population of the State and provides additional source of income for the government and people of the State.

**REAL ESTATE/HOUSING DEVELOPMENT**

Shelter is an important and basic human need after food. The right to adequate housing is considered a core human right. Edo state has a housing deficiency of 367,800 houses considering that the number of households is 701,073. The demand and supply gap in Edo state creates investment opportunities in real estate. Housing development creates job opportunities across its value chain; from plumbing, electricity, security, through to recreational facilities.

**TOURISM**

Edo State has the potential to drive significant tourism and employment development. The rich cultural heritage of the State, if properly harnessed will help boost tourism particularly because of its unique location as a transit State to other regions of the country. Tourism economic activities will help boost other sectors such as retail, rental, hiring, real estate services, arts and recreational services and a range of other services contribute to economic activities and employment generation. Albeit, to a lesser extent than the accommodation and food sections.

**2.3 ANALYSIS OF THE FOCUS SECTORS**

The approach here is to emphasise a boosterish outlook to drive increase in production and productivity in the key sectors selected. It is to incorporate a labour market dynamic because of

the unacceptable levels of unemployment particularly among women and the youths of Edo State. This approach for framing an economic model for the State is based on the understanding of the factors that will drive growth and change, and aid the processes of the distribution of the benefits widely. For instance, Edo state has extensive and fertile soil, with over 1.1sq/km of arable land. This will give ample opportunity for agro-based industries; for instance, Edo State is arguably the centre of citrus farming that can easily support fruit juice and concentrate manufacturing plants. Also, limestone deposits provide opportunities for the establishment of even more cement factories. The focus is on increased productivity and job creation as the primary drivers of economic and investment growth.

### 2.3.1. Agribusiness

Agriculture/Agribusiness has always been the pivotal focus of the State. It is broadly defined to include crop production, livestock, fishing and forestry. There is the need to work out modalities for the cultivation and production of crops that are native to Edo State such as Oil palm, cassava, rubber, cashew nuts and cocoa as well as aquaculture all through the value chain, taking into consideration, the comparative advantages of the State.

In Edo State, there should be a government-supported, private sector-led agriculture sector with a goal to industrialise the agricultural sector to become more productive, efficient and competitive. The idea here is for the State to develop or grow in commercial quantity one or two crops in which it has some relative and comparative advantages, e.g. oil palm, rubber and cassava production, and promote agriculture as a business by providing incentives for agro-processing and market development. If there is serious willingness to promote commercial agriculture as a business, it may be worthwhile to encourage players in this sector to embark on a multi-focus strategic initiative, which will involve out-growers. The use of **out-grower model** will bring together many smaller farmers in the State, in the value chain, and create mutually beneficial ways to work together. The intention is to bring together, four elements;

- A central facility surrounded by growers of the particular crop or farming activity who will produce on their own land under contract,
- To provide inputs and technical assistance to the growers,
- Guarantee by the large commercial farm to purchase the growers produce subject to meeting predefined standards, and,
- The grower typically receiving a pre-agreed percentage of the final sales price for their produce.

This initiative seeks a new approach to private sector commercial farming in Edo State, that will bring together the private sector, institution and individuals and will help shape farming business in the State as well as create collaborations and opportunities for social development. Above all, it will help expand the absorptive capacity of the State's agricultural sector by creating jobs through the entire value chain.

With regards to investment opportunities in agriculture, in Edo State, the scope is very wide and could provide a basis for income growth for most of the unemployed and vulnerable groups. There are investment opportunities all through the agricultural value chain.

**Table 2: Actual Output of Crop Production in Edo State for 2014 - 2016 in Metric Tonnes.**

<b>Cash Crop</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cocoa Beans	42,000	45,000	20,338
Rubber Lump	19,000	20,000	18,000
Palm Kernel	19,000	21,000	19,000
Palm Oil	27,500	28,000	28,500
Cashew Nuts	15,600	15,700	6,780

Source: EDO STATE MINISTRY OF AGRICULTURE 2016

### **2.3.2 Information and Communication Technology (ICT)**

Harnessing Information and Communication Technology (ICT) requires a strategic framework that takes advantage of various ICT roles. This helps to integrate the options made possible by technological revolution into the design implementation of the sector's strategies. As such ICT is not just a sector of the knowledge economy, but a lens through which new possibilities and modalities of comprehensive development can be realised. It offers many promises and opportunities, even while posing serious threats and uncertainties. Its impact is likely to be invasive.

It is important to build a favourable environment for ICT use in the State. It needs to be seen as much more than a technology to communicate between individuals and organisations with help from computer systems. It needs to be recognised as the engine for economic and social development when effectively engaged. Indeed, it can be said that computer and telephony have converged, with telecommunications, now just part of the ICT sector. The combination of the power of computers and digital communications has had great impact on the way people and organisations work together.



We have already alluded to the fact that entrepreneurship through MSMEs is crucial for the economic development of Edo State. Already, it generates over 28% of its GDP. Wireless technology, ICT infrastructure development is also vital to entrepreneurship and small business development. At a time of slow growth and continued uncertainty in the State and the search for policies that will help stimulate growth and create new jobs, ICT will not only be one of the fastest growing industries, it will also help in creating millions of jobs and act as an important enabler of innovation and development. This sector will-

- Contribute to direct job creation, increasing salaries and widening range of services and products
- It will contribute to GDP growth by driving growth in e-commerce, people, advertising and selling goods online.
- It will help stimulate new services and industries.
- It will enable workforce transformation. New “micro work” platforms will develop, and this will divide tasks into smaller components that can be easily outsourced to contract workers. This will contribute to further rise in entrepreneurship, making it easier for self-starters to access best practices, legal and regulatory information, marketing and investment resources.
- It will encourage business innovation. On-line presence is now increasing; internet has now provided new ways of reaching out to customers and competing for market share. ICT tools employed within companies help to streamline business processes and improve efficiency.

### **ICT Strategy for Edo State**

The ICT strategy of the Edo State Government is to support development of basic pre-conditions for ICT growth in partnership with the private sector. The strategic goals of the State’s ICT plan should be:

1. To strengthen capacity to implement ICT policies by identifying skills to develop and implement ICT policies at the State level and various sectors.
2. To strengthen ICT infrastructure and technical competence; the State government should contribute to the conditions that foster the use of ICT through support for building of infrastructure and skill. In particular, there is ‘soft’ infrastructure in addition to physical infrastructure, which mainly lies in the domain of the private sector. Skills development must address various levels, and include both specialised

ICT training as well as basic ICT knowledge and skills for larger groups of the regional population.

3. To integrate ICT into the State programmes. The power of ICT should be tapped in all areas to improve and increase the effectiveness of development cooperation. Increased use of ICT can range from small to large measures – from using homepages to better convey information and increase transparency to the introduction of ICT support business processes and production procedures
4. There is need for comprehensive effort to integrate ICT in the State's development efforts. There should be establishment of a State ICT Secretariat to serve as a resource for sector and government departments. This secretariat is also needed as a resource centre with specialised skills to support work with ICT development.

### **ACTION**

It is important to build a favourable environment for ICT and embed ICT as a tangible activity in the State. Although this activity can be a sub-sector under a Ministry with responsibility for ICT development, it need not be aggregated thus. It is also important to build a favourable environment for ICT use at sectorial levels, therefore supporting continuity of projects at

sectorial levels. Important activities that should be considered include-

- Encouraging ICT policies and planning (i.e. policy and strategic work as well as action plan)
- Supporting regulatory efforts addressing the telecommunication and ICT markets
- Supporting strategic measures to build ICT capacity.

### **2.3.3. Fashion**

The fashion industry stands out in the creative economy of Edo State. With a growing number of high – value jobs that pay good wages, fashion is now having a big impact not only in big cities like Benin, Lagos, Abuja, Port Harcourt, etc. but also in small rural areas around the State. It is a structurally diverse industry with varied value chain, ranging from large design houses to niche designers, retailers and wholesalers of raw materials, production right down to distribution di. It can employ people across occupations – including fashion designers, cutters, tailors, fabric manufacturing managers, licensing and property rights lawyers.

The fashion industry is characterised by clusters of activity, whether in the large fashion industries of Lagos or Abuja or in smaller hubs in a number of other States. This mirrors trends in a range of industries where clusters often develop in certain regions. For example, technology



and computing in Yaba, Lagos, the film industry in Asaba, Delta State and manufacturing in Aba, Abia State.

There are economic benefits when an industry clusters together in an area. This allows these businesses to take advantage of a skilled pool of labour and build relationships between suppliers and producers. Local educational/vocational institutions may develop specialised curricula and partner with businesses to prepare students to enter jobs in the fashion industry. Knowledge sharing across the fashion industry can foster new ideas and enhance productivity, helping to boost income for workers in the fashion cluster. Successful fashion clusters will also enhance economic opportunities for workers in other industries in spurring demand.

The fashion industry could dramatically change Edo State as a hub for apparel manufacturing in the country and could attract investments from offshore fashion houses if adequate competences are demonstrated. It is estimated that fashion manufacturing business could create over 2,000 jobs. Additional jobs could be created by the value parts of the fashion manufacturing supply chain; design and marketing, research and development, etc. Jobs in these fields require apprenticeship and training, and thus hold the prospects of higher wages.

Currently, the fashion industry in Nigeria runs a trade deficit. Over one-third of Nigerian fashion imports come from China (36%), Turkey (11%), America (6%), etc. While many apparels are still manufactured overseas, much of the value that goes into them is also generated outside the country. Fashion is becoming a sophisticated, thriving industry employing people with diverse skill-set across its value chain. Apparel manufacturing is only one piece of the industry, as the industry evolves, there are growing opportunities for investment in its value chain, e.g. R4D, design and marketing, etc. Jobs in these fields pay well and demand for these skills is growing.

#### **2.3.4. Retail/Wholesale Trade**

This sector is one of Edo State's biggest. Employing particularly young people will continue to be population-serving. Potential exists for small, local enterprises to take advantage of the demand driven and consumption seeking tendencies of the population. While this sector is one of declining wealth in Edo State, there has been substantial growth in the sub-sectors. Majority of workers in this sector are employed by small scale organizations. Most of the employees (74%) are under the age of 45 and employed part-time (48%). This trend is consistent at the local government and State levels in Edo State. These trends are also forecast to continue in conjunction with a trend towards part-time and casual employment, consistent with changing consumer trends in the sector and associated with a gradual shift to online retailing, which is still very insignificant but nevertheless growing.



Demand for skill and qualification in this sector has traditionally been weak with a large proportion of the workforce consisting of primary and secondary school leavers and elderly people of over 50 years. The trend is expected to continue in the short term, however, increasingly, this will change as big supermarket chain opens up (e.g. SPAR, Shoprite, etc), and the demand for skilled and qualified workforce grows, associated with structural changes. The sector will continue to be population-serving but potential exists for small, locally based enterprises to invest and grow.

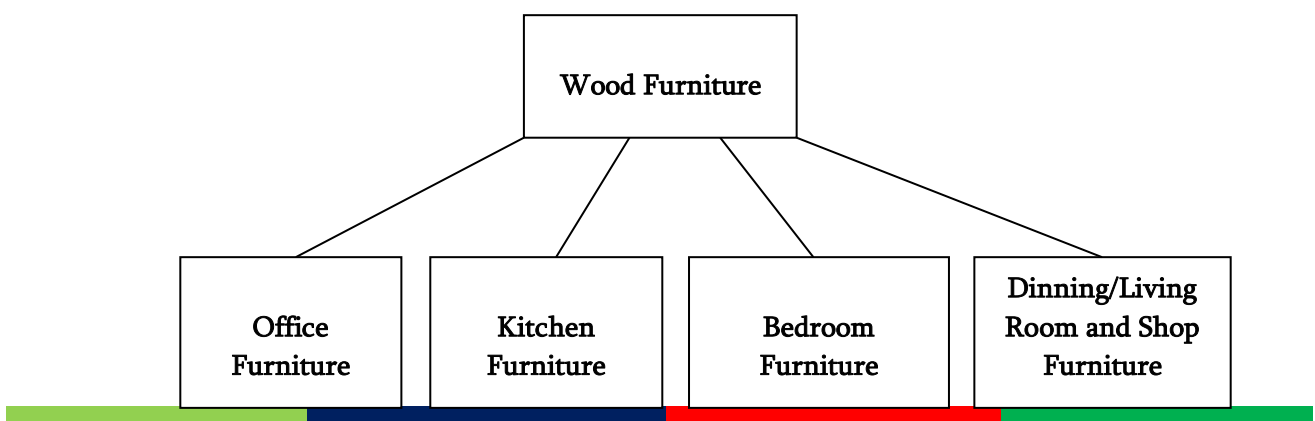
### 2.3.5. Industry/Manufacturing

#### Furniture Sector

Furniture making is big business worldwide and in Nigeria, in particular Edo State. Between 2006 and 2011, furniture trade grew by 36% in Nigeria, faster than merchandise trade as a whole (26.5%), fashion (32%), etc; extra furniture imports grew by 15% in the same period. Furniture has traditionally been a resource and labour-intensive industry that includes both local craft-based firms and large volume producers. Mass produced furniture can become a viable manufacturing strategy with the advent of flat pack or ready-to-assemble designed furniture. Generally, businesses that produce flat-pack furniture tend to supply products of the low to medium price markets. Solid wood furniture manufacturers have retained important niche markets.

Segments primarily for high tech design-led products are specialised products and tend to be purchased locally, while mass produced, large volume products are sold locally and for export. The furniture industry is divided into different product groups, each of which has distinct market segments (see Figure below). Edo State is more associated with wood product groups such as office furniture, kitchen furniture, bedroom furniture, and dinning/living and shop furniture. These product groupings do not differentiate between craft and mass-produced items or between low or high priced market items.

**Figure 6: Wood Furniture Finished Goods Value Chain**

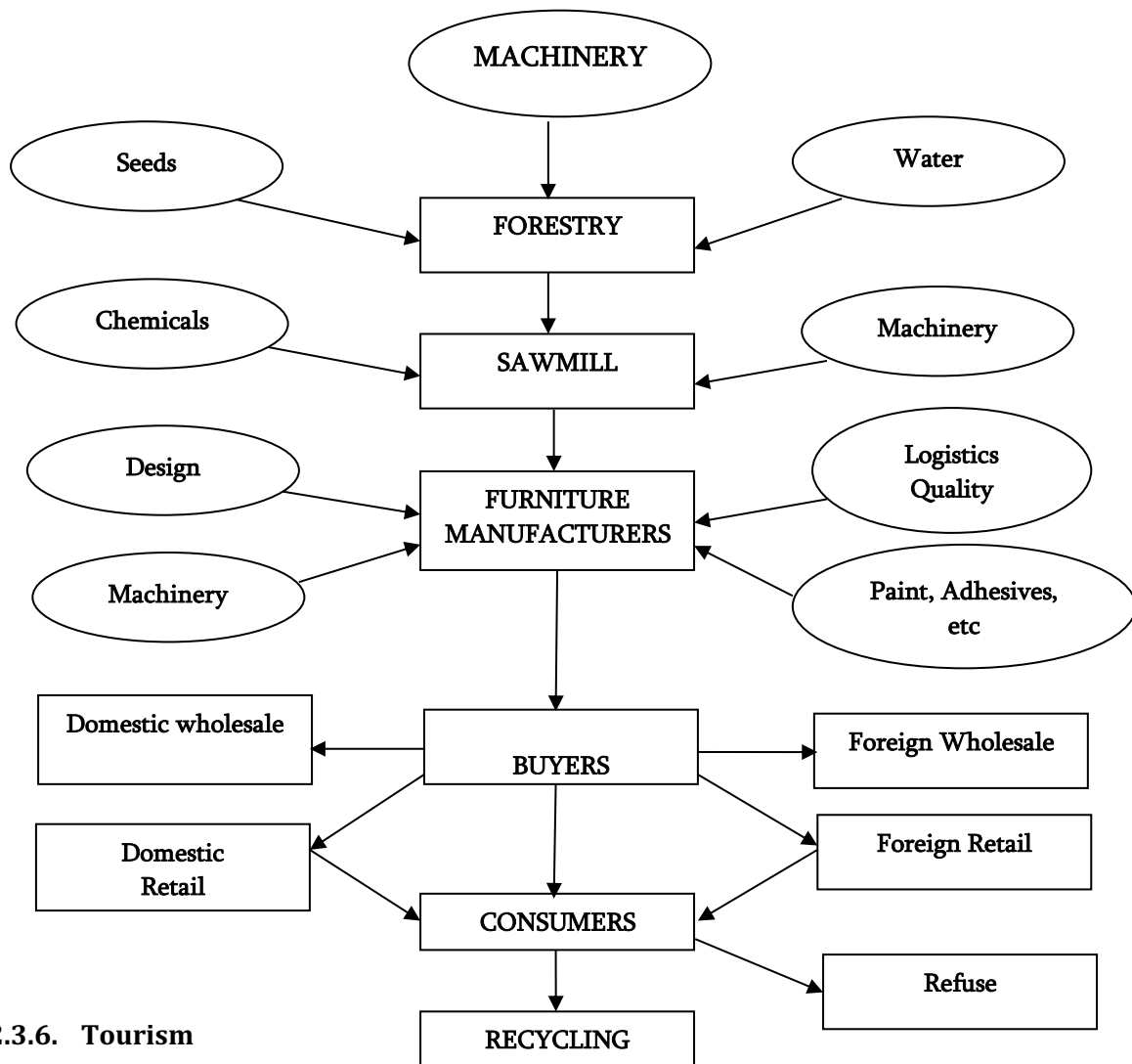




### Wood Furniture Value Chain

Figure 7 below shows the wood furniture value chain, which is for the forestry sector. It involves the provision of seed inputs, chemicals, equipment and water, cutting of logs and sawmills processing. The sawmill obtains its primary inputs from machinery sector. From the sawmill, sawn timber moves to furniture manufacturers who, in turn obtain inputs from the machinery, adhesives and paint industries and draw design and branding skills from the service sector. Depending on which market is being served, the furniture then passes through various intermediary stages until it reaches the final customers, who after use consign the furniture for recycling or for use as refuse or as “firewood”. Throughout the identified value chain, there are viable activities that create opportunities for investments and jobs.

**Figure 7: Value Chain in Wood Furniture Industry**



#### 2.3.6. Tourism

Edo State has the potential to drive significant tourism and employment development. Having these areas identified as priority development areas will offer the region world-class

---

infrastructure and the ability to boost international tourism, as well as increase visitor numbers capitalising on the region's positioning and its beautiful waterways.

Tourism has not been given serious consideration in the region as a whole; except of course in Edo State where it has become a major contributor to revenue and improvement in economic activities. However, other sectors such as retail, rental, hiring and real estate services, arts and recreation services and a range of other services also contribute to economic activities and employment generation associated with tourism, albeit to a reduced extent than the accommodation and food sector.

The economic activity around tourism will need to be properly articulated and measured by the different States through satellite accounts that provide a detailed breakdown of the sector's potential contribution to the local economy. This sector has not seen any significant growth in the Niger Delta for over a decade as growth has been subdued mainly because of the perceived insecurity in the region.

### **2.3.7. Renewable Energy**

Nigeria is endowed with abundant energy resources, both conventional and renewable, which can potentially provide the country with sufficient capacity to meet the ambitions of a full nationwide electrification level of both urban and rural Nigeria. Edo State has one of the lowest consumption rates of electricity per capita in Nigeria while the country itself has one of the lowest in Africa. In Edo State, with demand exceeding the generation, there is inequitable access of rural communities to the electricity services in cities.

There are inherent obstacles militating against effective implementation of an orderly policy in the country and by extension Edo State. In fact, an articulate state owned policy hardly exists. The inefficiencies overshadowing the allocation of energy resources coupled with the depletion of fossil fuel makes it imperative for the State and the Country as a whole to exploit its huge natural renewable resources to avoid worsening energy supply scenarios and provide feasible electricity supply to rural dwellers of Edo State.

The extent of renewable energy resources in Edo State needs to be described and existing State owned policies articulated that could possibly incentivize the realization of wider renewable energy applications in the rural areas in the State. This will stimulate investment interests in this sector through its value chain. It will also improve the wellbeing of Edo State, especially rural communities, as well as enhance the State's energy and economic prospects for local, national and global investment.



Nationally, renewable Energy is beginning to play an increasingly important role in the Nigerian economy, thanks to its contribution in mitigating the impact of climate change worldwide and guaranteeing energy security. Wind and solar energy also has vast potential as drivers for local industries, investments and the creation of jobs. In fact, it has become a useful tool, not only for new technologies and products, but also for the development of local engineering and construction with skills and capacities that are a part of the renewable energy value chain.

Renewable energy production procedures covers a broad variety of stages involving a great number of individuals with different professional profiles, private and public institutions and domestic and foreign companies. Typically, the largest companies focus on essential skills and subcontract other activities to third parties that can offer competitive advantage due to their specialization or location. This will provide investment opportunities in these areas in Edo State. The cycle of a renewable energy project from idea to execution, includes the following stages-

1. Research and development
2. Project development
3. Engineering
4. Manufacturing of components
5. Acquisition

The project developer is a central figure that must ensure the optimization of all the elements in the value chain. Funding, technology and consulting are three key elements in each stage. They also represent opportunities to create added value through investment, the potential of which depends on the level of development of the energy.

A common feature at the start of these renewable energy initiatives is the “project developer”; anyone can assume the role-the government, a public company, an investment fund, an investment bank, a private company etc.

Operation and maintenance are key parts in the value chain because they comprise a long-term source of revenue. The manufacturer of the components for say solar or wind energy, will require a high quality industrial work force, offering considerable employment opportunities for local contractors to seize and create value. Supply of raw materials or components also enables providers to enter the sector. For example, in the construction of the inputs, local engineers can help with the initial task, such as civil engineering works and power line construction. The onsite creation of value depends on the involvement of the local subcontractors.



A wide range of government, private sector, NGO, donor and community organizations provide information on project, trends, linkages and challenges within the value chain. An assessment also of production gaps, supply gaps and opportunities for developing new industrial capacities is followed by a proposal for measures of value chain by elaborating on the opportunities in selected segments of the value chain for private cooperation, either supply, procurement, capacity building and training needs.

### **2.3.8. Entertainment Sector**

The growth in the entertainment industry in Nigeria has been phenomenal and has given rise to what is now known as the service sector which now contributes about 55% of Nigeria's GDP and is expected to grow to over \$8billion by 2019 (NBS. 2016). Before now, the entertainment industry struggled to generate the desired interest that will attract investors. Rather, it heavily relied on funding from "selected" sources or groups within the industry.

More often, personal finance was required to sustain productions. However, the increasing demand of Nigerian entertainment content in music, movies, creative arts, and publishing or stage events are gaining market visibility and global recognition. Interest to invest in the entertainment industry is beginning to grow. Most businesses in this sector are built on personal business models, but with a growing number of individuals beginning to form firm alliances, there is a significant growth pathway for Edo State to key into. This industry has increasingly become important as it generates huge employment through its value chain and serves as a tool for poverty alleviation. For instance Nollywood employed about a million people in 2016 (DLM Research 2016) and produces about 2,500 movies annually. All the segments of the entertainment industry are growing significantly into multi-billion dollar businesses.

It is pertinent to note that great investment opportunities exist in the entertainment industry and Edo State can key into its rich cultural heritage and its geographical location to attract investment. There are growth opportunities in the value chain to create sustainable employment and income at all levels. These include;

- Music (Production and distribution)
- Film (Production, Distribution and Exhibition)
- Theatre and Dance (Production, Distribution and Exhibition)
- Television (Production, Distribution and Exhibition)
- Radio (Production and Distribution)
- Fashion (Production, Distribution and Exhibition)
- Development of production platforms and facilities
- Costume designs and dressing

- Sound production
- Set and Stage building
- Choreography
- Acquisition of hi-tech production equipment and ancillary facilities.



### 3. OVERVIEW OF THE SITUATION

#### 3.1 Socio-Economic Situation

While cultural, traditional and historical patterns may differ from locality to locality, in Edo State, a common thread that runs through all exploitative trafficking situations is implicit and explicit economic and social deprivation, and discrimination that disadvantaged units especially women, and children face (poverty, lack of access to education, nutrition, health, prevalence of violence and abuse against these groups compound their vulnerability to trafficking).

The context in Edo State formed by decades of government inaction is the socioeconomic trends that have featured huge unemployment, leading to severe political and social instability and widespread corruption. This has facilitated trafficking in persons and hampered the progress towards reducing poverty. Economically disempowered and destitute families aiming to escape poor conditions of living are vulnerable to traffickers; women and young girls owing to feminisation of poverty and discriminatory cultural practices are even more exposed to tactics of traffickers.

Urban migration and poverty in the first instance has saturated the labour market in Edo State, especially the informal labour markets, and led to systematic reduction in the cost of labour. As a result, cheap labour in this informal sector, particularly domestic labour grew as the economic crisis in the State obliged every member of the family to work outside their home to sustain family finances. The supply and demand equation is typically described in terms of “Push and Pull” factors. These factors have local emphasis and scale. For trafficking, it is ultimately poverty, high unemployment and lack of opportunity, and the quest for a means of survival, that is the engine driving human trafficking.. Economically and socially, the “Push” factors (supply) include:

- Lack of legitimate and fulfilling employment opportunities particularly in rural communities.
- Unequal access to education that limits workers opportunities to increase their earnings in more skilled occupations
- Traditional communities’ attitude and practices which tolerate violence against women.

The “Pull” factors (demand) include:

- Increasing demand of foreign workers for domestic and care-giving roles, and lack of adequate regulatory framework to support this.



- Perceived suitability of women for work in labour-intensive production and the growing informal sector which is characterized by low wages, casual payment, hazardous work conditions and the absence of collective bargaining mechanism.
- The growth of the billion-dollar sex and entertainment industry.

### **3.2 Political Economy**

Edo State has acquired a reputation for being one of the leading States in Nigeria with cross border and internal trafficking. In fact, at the micro level, the State is notorious as one of the States where such activities are prevalent. This negatively impacts the development of community participation, especially of women and children, despite international institutions design to advance their causes.

In Edo State, poverty is the driving principal force behind this trade, propelling vulnerable people into the hands of traffickers, who belong to both small-scale local enterprises with extensive criminal networks and to large scale multi-commodity businesses. The persistence of harmful cultural practices, the growth of the reach and influence of organized crime and the persistent loss of young people of the State to labour exploitation requires concerted and constant attention.

As a result, combating human trafficking in Edo has taken a new dimension recently. The State government took the unprecedented step of first admitting to itself that there is a problem and then to explore a number of policies, legal and social ways to tackle the problem. It is now seen as a moral, economic and humanitarian imperative that all stakeholders support the development, adoption, promotion and implementation of Anti-Human Trafficking program in the State as well as push to make it a national focal point.

Edo State has most recently directed its efforts at combating human trafficking towards prosecuting of traffickers, the protection of victims and the prevention of the crime by using legal status and the introduction of victim protection and anti-human trafficking programs. Prevention is the main focus of this study given the structural vulnerability to trafficking caused by poverty and unemployment, weak institutions, educational levels and the size of the informal economy. All these with the intention of creating robust economic opportunities for the victims, and limiting further incidents over trafficking.

There is always the pressing need to demonstrate where the largest growth rate and investors are found in the state; and where would government officials find investment opportunities and development partners find the biggest opportunities of making things better. A breakdown of the state GDP and sectorial aggregates provides such insight. The continued growth of the



services and agricultural sector since 2016 meant that the state would be insulated from nominal contraction in activities where confined to industry (oil and non-oil). Thus, economic and fiscal conditions deteriorated markedly.

The national economic downturn since 2015 tested Edo State's countercyclical policy capability and revealed the government's weaknesses in both fiscal and monetary responses. Apart from growth and stability, the other cyclical casualty was Government revenue. It declined with the slump in oil price, constraining the Government's ability to provide counter-cyclical fiscal stimulus in the face of the economic downturn.

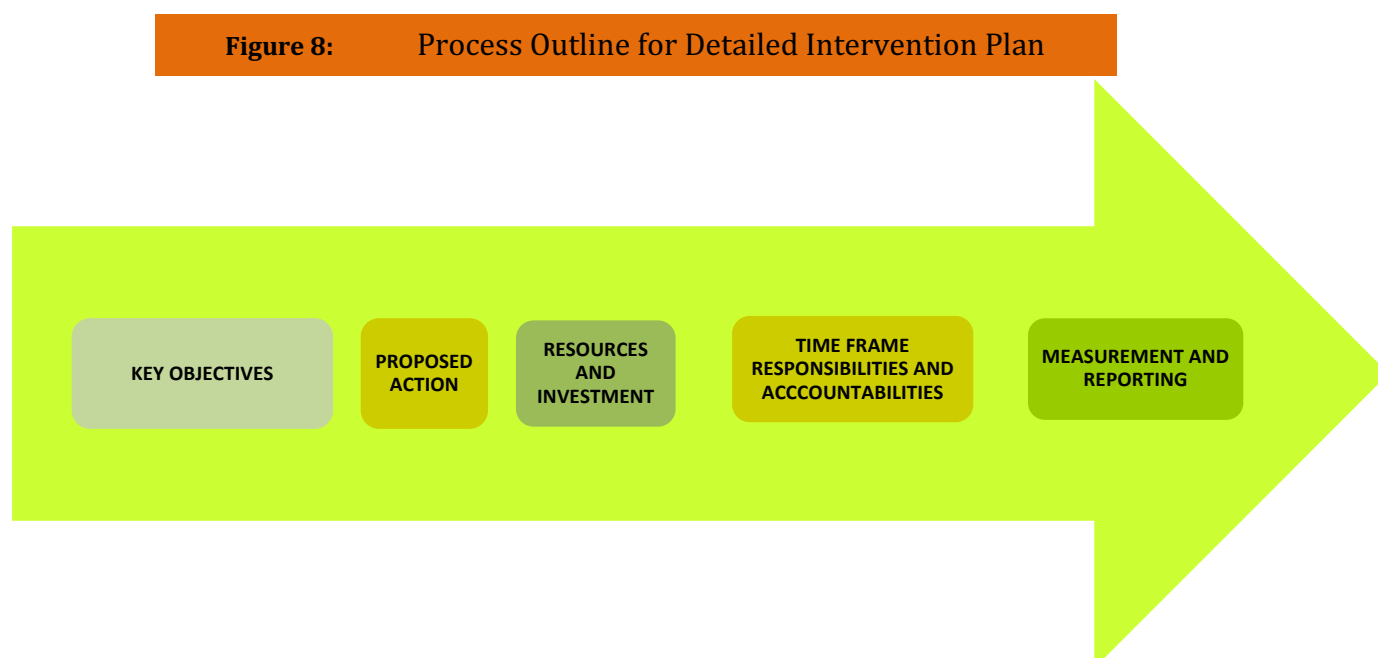
The State must therefore, either concentrate on creating more wealth in services that will make Edo state more competitive, like Lagos State is already doing or concentrate on creating more wealth in agriculture by making farms more competitive, until infrastructure that must underpin wealth creation in industries are built. The State must ensure that inputs and outputs can get to, and leave factories and farms at the possible cost and ensure steady supply of electricity, gas, petrol and water before talking about treating agriculture, manufacturing or mining as priorities.





## 4. CONCLUSION

The success of Edo State in creating an economy with the capacity to generate economic activities in all sectors will largely be dependent on the activities that facilitate growth in the identified key sectors of the State's economy. Each sector will require a specific action plan detailing the initiatives and activities that will be undertaken in order to achieve key growth objectives, as well as the level of investments required. The action plan will be used to drive activity, monitor progress and report on outcomes. Figure 8 outlines the process that will be used to develop each detailed sectorial action plan. They should be "live" plans, meaning that they have to be actively monitored and adjusted as changes to the economy are detected and assessed.



The key economic growth sectors initiated in this report will require Local, State and Federal Governments as well as business communities and the organised private sector to work together to ensure success.

**Table 3: Roles and Responsibilities**

EDO STATE GOVERNMENT	PRIVATE SECTOR / BUSINESS COMMUNITIES
Ensure that the State's Planning Scheme supports the development of the key economic sectors outlined in the Economic Outlook and Investment Scan Report	Work with State to develop a strong partnership focused on economic development
Facilitate business growth by ensuring processes are streamlined and red tape is reduced. Continue to work with business to identify further improvements	Support and encourage growth in the identified key sectors through collaborative partnerships
Ensure that all State Government departments and	Support the Edo State Investment Programme Board by

ministries as well as external stakeholders understand the Economic Outlook and Investment Scan objectives and their role in facilitating its implementation. Champion strategic infrastructure investments in transport, communications and education	encouraging State business leaders to work collaboratively with the Private Sector to develop key sector growth plans
Drive initiatives to attract investment into the State, particularly in the six (6) key economic sectors outlined in the Report.	Work with State Government to actively promote Edo State as “open for business and investment”. Identify opportunities to value-add to the State’s economies through industry supply chain expansion
Facilitate local business’ access to support programs that enable growth	Co-invest with Local Government Councils in the establishment of a business support programs aimed at encouraging investments in the identified key economic sectors

Edo State is a strategic transit State and it is important to improve its connectivity with other neighbouring States and its connectivity to the major markets, industries and employment hubs that surrounds it. This will help to maximise Edo State’s employment opportunities for its residents. If the State is to attract high-skilled and high-paid employment, it will need to ensure that goods and services are produced within the state both for local and domestic markets and for export. This can only be driven by local demand bolstered by population growth; infrastructure needs to be provided to enable this to occur. Growth in population driven sectors such as retail trade is a less desirable outcome in the long run as it increases the share of low value incomes and will potentially take away from the State’s competitiveness.

Edo State policy makers should urgently make difficult structural and fiscal reforms that might not happen otherwise and that are difficult in times of hardship. This means taking steps to boost long term growth, investing back into the economy through infrastructure and effective social spending to counter human trafficking. Growth needs to be more inclusive across all the target sectors and in all the six local government areas.

Some areas of focus may require training for displaced workers and those who are victims of human trafficking/modern slavery. The State needs robust national and International co-operation if it is to tackle these problems.

The State government should ask three questions:

1. How can it raise economic efficiency and productivity (output)?
2. How will it support resilience and inclusiveness while reducing the possibilities of a downturn?
3. How can the State ensure that the policy tools that will be sustaining the positive economic outlook hoped for is adequate?



Policies can brighten the outlook further. The economy already is on an upturn, even in the absence of counter cyclical, fiscal, monetary or investment policy responses.



---

## REFERENCES

1. Annual Collaborative Survey of Social Economic Activities in Nigeria – Final Statistical Report. Vol. 1:2011
2. Annual Collaborative Survey of Social Economic Activities in Nigeria – Final Statistical Report. Vol. 2:2014
3. African Business Seminar Nigeria Socio – Economic Overview – 100314 2014
4. The Economic Impact of the Fashion Industry. Joint Economic Committee Final Report. United State Congress – Feb. 2015
5. Introducing the Creative Arts and Entertainment Industry Facility
6. Niger Delta Economic Property Framework. City Economics, 2017
7. BRACED Commission Reports 2014, 2015 Economic Outlook and Review, 2016
8. International Monetary Fund, Washington DC Country Report No.15/84 2015: Nigeria Staff Report 2014 Article Consultation.
9. Global Wood Furniture Value Chain – UNIDO Economic Environment Employment. Vienna 2003
10. Edo State Government: Year 2018 Approved Budget Estimates, April 2018

